


MILLEN TOWNSHIP, ALCONA COUNTY

BARTON CITY, MICHIGAN

MARCH 31, 2004

Certified Public Accountant (Firm Name) Baird, Cotter & Bishop, P.C.			
Street Address 134 W. Harris Street		City Cadillac	State MI
Accountant Signature 		ZIP 49601	
		Date	

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

MARCH 31, 2004

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BARTON CITY, MICHIGAN

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1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
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Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.
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JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

October 7, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Millen Township
Alcona County
Barton City, Michigan

We have audited the accompanying general-purpose financial statements of Millen Township, Alcona County, Barton City, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B., the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of Millen Township as of March 31, 2004, and the cash receipts it received and cash disbursements it paid for the year then ended on the basis of accounting described in Note I.B.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the examination of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
<u>ASSETS</u>		
Cash		
Commercial Account	\$ 0	\$ 0
Money Market Accounts	36,608	105,354
Certificates of Deposit	0	100,000
Taxes Receivable	1,407	4,368
Land and Land Improvements	0	0
Furniture and Equipment	0	0
TOTAL ASSETS	<u>\$ 38,015</u>	<u>\$ 209,722</u>
<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 1,407	\$ 4,368
<u>EQUITY</u>		
Investment in General Fixed Assets	\$ 0	\$ 0
Balance		
Reserved for		
Road Improvements	0	155,372
Municipal Building	0	49,982
Unreserved	36,608	0
Total Equity	<u>\$ 36,608</u>	<u>\$ 205,354</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 38,015</u>	<u>\$ 209,722</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT A

<u>FIDUCIARY FUND TYPE</u>		<u>ACCOUNT GROUP</u>		<u>TOTALS</u>	
<u>AGENCY</u>		<u>GENERAL FIXED ASSETS</u>		<u>(MEMORANDUM ONLY)</u>	
\$	332	\$	0	\$	332
	0		0		141,962
	0		0		100,000
	0		0		5,775
	0		41,708		41,708
	0		6,014		6,014
<hr/>					
\$	332	\$	47,722	\$	295,791
<hr/>					
\$	0	\$	0	\$	5,775
<hr/>					
\$	0	\$	47,722	\$	47,722
	0		0		155,372
	0		0		49,982
	332		0		36,940
<hr/>					
\$	332	\$	47,722	\$	290,016
<hr/>					
\$	332	\$	47,722	\$	295,791
<hr/>					

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES

ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>(MEMORANDUM ONLY)</u>
<u>RECEIPTS</u>			
Taxes	\$ 17,590	\$ 39,872	\$ 57,462
Licenses and Permits	452	443	895
Federal Grants	0	336	336
State Grants	31,699	0	31,699
Charges for Services	4,295	0	4,295
Interest and Rents	366	2,563	2,929
Other Receipts	834	940	1,774
Total Receipts	\$ 55,236	\$ 44,154	\$ 99,390
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 4,287	\$ 0	\$ 4,287
General Government			
Supervisor	3,893	0	3,893
Assessor	6,942	0	6,942
Clerk	7,488	0	7,488
Board of Review	758	0	758
Treasurer	7,056	0	7,056
Building and Grounds	0	3,273	3,273
Cemetery	5,090	0	5,090
Public Safety	0	14,967	14,967
Public Works	1,269	16,132	17,401
Community and Economic Development	2,259	0	2,259
Recreation and Cultural	3,089	0	3,089
Other Functions	6,826	0	6,826
Total Disbursements	\$ 48,957	\$ 34,372	\$ 83,329
Excess of Receipts Over (Under) Disbursements	\$ 6,279	\$ 9,782	\$ 16,061
<u>BALANCE - April 1, 2003</u>	30,329	195,572	225,901
<u>BALANCE - March 31, 2004</u>	\$ 36,608	\$ 205,354	\$ 241,962

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES
BUDGET AND ACTUAL

ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 14,000	\$ 17,590	\$ 3,590
Licenses and Permits	400	452	52
Federal Grants	0	0	0
State Grants	31,000	31,699	699
Charges for Services	2,450	4,295	1,845
Interest and Rents	150	366	216
Other Receipts	400	834	434
Total Receipts	<u>\$ 48,400</u>	<u>\$ 55,236</u>	<u>\$ 6,836</u>
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 3,600	\$ 4,287	\$ (687)
General Government			
Supervisor	4,000	3,893	107
Assessor	7,500	6,942	558
Clerk	6,600	7,488	(888)
Board of Review	800	758	42
Treasurer	7,000	7,056	(56)
Cemetery	10,000	5,090	4,910
Public Works	1,300	1,269	31
Community and Economic Development	3,000	2,259	741
Recreation and Cultural	3,500	3,089	411
Other Functions	9,650	6,826	2,824
Contingency	2,083	0	2,083
Total Disbursements	<u>\$ 59,033</u>	<u>\$ 48,957</u>	<u>\$ 10,076</u>
Excess of Receipts Over (Under) Disbursements	\$ (10,633)	\$ 6,279	\$ 16,912
<u>BALANCE - April 1, 2003</u>	<u>30,329</u>	<u>30,329</u>	<u>0</u>
<u>BALANCE - March 31, 2004</u>	<u>\$ 19,696</u>	<u>\$ 36,608</u>	<u>\$ 16,912</u>

EXHIBIT C

SPECIAL REVENUE FUND TYPES		
BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ 23,900	\$ 24,905	\$ 1,005
0	443	443
0	336	336
0	0	0
0	0	0
1,600	2,415	815
800	940	140
<u>\$ 26,300</u>	<u>\$ 29,039</u>	<u>\$ 2,739</u>
\$ 0	\$ 0	\$ 0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
27,300	16,132	11,168
0	0	0
0	0	0
0	0	0
0	0	0
<u>\$ 27,300</u>	<u>\$ 16,132</u>	<u>\$ 11,168</u>
\$ (1,000)	\$ 12,907	\$ 13,907
142,465	142,465	0
<u>\$ 141,465</u>	<u>\$ 155,372</u>	<u>\$ 13,907</u>

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Millen Township is a general law township located in Alcona County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund type:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities or three months or less from date of acquisition.

Authorized Investments:

In accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended, the Township's investment policy allows the surplus funds of Millen Township to be invested in the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state of the United States.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in subdivision (a).
- e. Bankers' acceptances of United States banks.

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

- f. Mutual funds registered under the Investment Company Act of 1940, maintain a \$1.00 per share net asset value, and with authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
- h. Investment pools through an Interlocal Government under the Urban Cooperation Act of 1967, (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.

2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received.

3. Fixed Assets

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

5. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

6. Use of Estimates

This presentation of financial statements on the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budgets are adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on April 7, 2003, or as amended by the Township Board from time to time throughout the year.

The appropriated budgets are prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

B. Excess of Expenditures Over Appropriations

For the year ended March 31, 2004, expenditures in three activities in the General Fund exceeded appropriations. Expenditures in the General Fund as a whole did not exceed appropriations. A budget was not prepared or adopted for the Fire Fund and Municipal Building Fund. Therefore, these funds have been excluded from the "actual" figures reported in Exhibit C.

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The following schedule reconciles the amounts on the Combined Statement of Cash Receipts, Disbursements and Changes in Balances - Budget to Actual to the amounts on the Combined Statement of Cash Receipts, Disbursements and Changes in Balances:

	PER EXHIBIT B	FUNDS WITHOUT BUDGETS	PER EXHIBIT C
Special Revenue Fund Types:			
Total Receipts	\$ 44,154	\$ 15,115	\$ 29,039
Total Disbursements	34,372	18,240	16,132
Excess of Receipts Over (Under) Disbursements	\$ 9,782	\$ (3,125)	\$ 12,907
Balance - Beginning of Year	195,572	53,107	142,465
Balance - End of Year	<u>\$ 205,354</u>	<u>\$ 49,982</u>	<u>\$ 155,372</u>

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Of the Township's \$243,170 of deposits at year-end, \$150,590 was covered by Federal Depository Insurance and the remaining \$92,580 was uninsured and uncollateralized. At year-end, the carrying amount of the Township's deposits was \$242,294 and the bank balance was \$243,170.

The carrying amount of the Township's deposits at year-end are shown below:

	GENERAL FUND	ROAD FUND	MUNICIPAL BUILDING FUND	CURRENT TAX COLLECTION FUND
Huron Community Bank				
Commercial Accounts	\$ 0	\$ 0	\$ 0	\$ 332
Money Market Accounts	36,608	55,372	49,982	0
Certificates of Deposit	0	50,000	0	0
Alpena Alcona Area Credit Union				
Certificates of Deposit	0	50,000	0	0
	<u>\$ 36,608</u>	<u>\$ 155,372</u>	<u>\$ 49,982</u>	<u>\$ 332</u>

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

B. Fixed Assets

Activity in the general fixed assets account group for the Township for the year ended March 31, 2004, was as follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
Land	\$ 41,708	\$ 0	\$ 0	\$ 41,708
Furniture and Equipment	6,014	0	0	6,014
	<u>\$ 47,722</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 47,722</u>

C. Property Tax Administration Fee

The Township passed a resolution to charge a 1% administration fee on all ad valorem taxes levied. Also, a late penalty fee of 3% shall be added after February 14th and shall terminate on the last day of February. The resolution is to continue in force and effect until revoked by the Township board.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenue generated by the administration fee so that a restricted earnings account is not reflected in these statements.

D. Fire Fund

These financial statements show the transactions of the Township Fire Fund as they would have occurred if all fire monies received for current and delinquent taxes were sent to the Fire Fund before being sent to the Barton City Fire Department. The payments are being sent to the Barton City Fire Department directly from the Current Tax Fund and from the General Fund due to the substantial savings of time and bookkeeping procedures.

E. Current Tax Collection Fund Balance

The balance of \$332 remaining in the Current Tax Collection Fund at March 31, 2004, consisted of current tax collections and property tax administration fees which were transferred out in April 2004.

IV. OTHER INFORMATION

A. Property Taxes

The Township levied 2.5299 mills in tax on a taxable value of \$17,294,325 on the 2003 tax roll. The 2.5299 mill levy was for the following purposes:

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Fire Protection	.9567
Road Improvements	.9567
General Operations	<u>.6165</u>
	<u>2.5299</u>

The date of the levy was 12/1/03 at which time the taxes become an enforceable lien against the property. Taxes are due and payable to the Township treasurer on or before February 28. After February 28, the property taxes are payable to the Alcona County Treasurer. Property taxes levied December 1 which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied.

B. Interest Income and Expense

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 41	\$ 0
Road Fund	2,415	0
Municipal Building Fund	<u>148</u>	<u>0</u>
TOTAL	<u>\$ 2,604</u>	<u>\$ 0</u>

C. Retirement Plan

The Township has a defined contribution pension plan with The Travelers Insurance Company, which covers Township employees who have satisfied the eligibility requirements. Each employee becomes eligible for coverage on the first policy anniversary date which the employee reaches age 18. An employee's normal retirement date is age 65 or the 5th anniversary of the first day of the plan year in which participation in the plan is commenced.

The formula for determining contributions is based on an employee's annual compensation. Annual compensation is based on compensation which coincides with the calendar year coinciding with or ending within the plan year. Plan year is April 1st to March 31st of the following year. The Township has elected to contribute 15% of compensation to the plan annually. Past service credit is calculated as 3% of current compensation for each year of past service to a maximum of 10 years.

Township contributions to the plan for 2003-2004 plan year amounted to \$2,648.

Total wages for those covered under the plan was \$17,670 and total wages for the employees including non-covered payroll was \$20,518.

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

D. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions, and worker's compensation insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

STATEMENT 1

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

GENERAL FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 36,608
Taxes Receivable	<u>1,407</u>
TOTAL ASSETS	<u>\$ 38,015</u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 1,407
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EQUITY

Balance	
Unreserved	<u>36,608</u>

TOTAL LIABILITIES AND EQUITY	<u>\$ 38,015</u>
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MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 14,000	\$ 17,590	\$ 3,590
Licenses and Permits	400	452	52
State Grants	31,000	31,699	699
Charges for Services	2,450	4,295	1,845
Interest and Rents	150	366	216
Other Receipts	400	834	434
Total Receipts	\$ 48,400	\$ 55,236	\$ 6,836
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 3,600	\$ 4,287	\$ (687)
General Government			
Supervisor	4,000	3,893	107
Assessor	7,500	6,942	558
Clerk	6,600	7,488	(888)
Board of Review	800	758	42
Treasurer	7,000	7,056	(56)
Cemetery	10,000	5,090	4,910
Public Works	1,300	1,269	31
Community and Economic Development	3,000	2,259	741
Recreation and Cultural	3,500	3,089	411
Other Functions	9,650	6,826	2,824
Contingency	2,083	0	2,083
Total Disbursements	\$ 59,033	\$ 48,957	\$ 10,076
Excess of Receipts Over (Under) Disbursement:	\$ (10,633)	\$ 6,279	\$ 16,912
<u>BALANCE - April 1, 2003</u>	30,329	30,329	0
<u>BALANCE - March 31, 2004</u>	\$ 19,696	\$ 36,608	\$ 16,912

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Tax	\$ 9,524	
Delinquent Property Taxes	3,429	
Property Tax Administration Fee	<u>4,637</u>	
Total Taxes		\$ 17,590

LICENSES AND PERMITS

Nonbusiness Licenses and Permits	452
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STATE GRANTS

State Revenue Sharing	
Sales and Use Tax	31,699

CHARGES FOR SERVICES

Cemetery Lot Sales	\$ 150	
Burial Fees	1,400	
Summer Tax Collection	2,445	
Land Divisions	<u>300</u>	
Total Charges For Services		4,295

INTEREST AND RENTS

Interest Earnings	\$ 41	
Hall Rental	<u>325</u>	
Total Interest and Rents		366

OTHER RECEIPTS

Miscellaneous	\$ 434	
Donations	<u>400</u>	
Total Other Receipts		<u>834</u>

TOTAL CASH RECEIPTS		<u>\$ 55,236</u>
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MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages

\$ 1,800

Other Services and Charges

Clean-up

1,000

Miscellaneous

1,487

TOTAL LEGISLATIVE

\$ 4,287

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages

\$ 3,870

Supplies

Office Supplies

23

Total Supervisor

\$ 3,893

Assessor

Supplies

Office Supplies

\$ 630

Other Services and Charges

Contracted Services

6,300

Education and Training

12

Total Assessor

6,942

Clerk

Personal Services

Salaries and Wages

\$ 6,000

Deputy

69

Supplies

Office Supplies

772

Other Services and Charges

Insurance

30

Travel

33

Education and Training

584

Total Clerk

7,488

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Board of Review			
Personal Services			
Salaries and Wages	\$	545	
Other Services and Charges			
Printing and Publishing		43	
Education and Training		170	
Total Board of Review			758
Treasurer			
Personal Services			
Salaries and Wages	\$	6,050	
Deputy		60	
Other Services and Charges			
Education and Training		64	
Printing and Publishing		794	
Travel		79	
Miscellaneous		9	
Total Treasurer			7,056
Cemetery			
Other Services and Charges			
Contracted Services	\$	2,350	
Repairs and Maintenance		2,732	
Printing and Publishing		8	
Total Cemetery			5,090
 TOTAL GENERAL GOVERNMENT			 31,227
 <u>PUBLIC WORKS</u>			
Street Lighting			
Other Services and Charges			
Public Utilities			1,269
 <u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>			
Planning and Zoning			
Personal Services			
Salaries and Wages	\$	2,124	

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Supplies			
Office Supplies		46	
Other Services and Charges			
Education and Training		64	
Dues and Fees		25	
		<hr/>	
Total Public Safety			2,259
<u>RECREATION AND CULTURAL</u>			
Parks and Recreation			
Supplies			
Operating Supplies		\$ 417	
Other Services and Charges			
Contracted Services		2,391	
Printing and Publishing		9	
Utilities		262	
Miscellaneous		10	
		<hr/>	
Total Recreation and Cultural			3,089
<u>OTHER FUNCTIONS</u>			
Insurance and Bonds		\$ 2,980	
Employee Benefits			
Pension Contribution	\$ 2,648		
Medicare and Social Security	448		
Worker's Compensation	750		
	<hr/>		
Total Employee Benefits		3,846	
		<hr/>	
Total Other Functions			6,826
			<hr/>
TOTAL CASH DISBURSEMENTS			\$ 48,957
			<hr/>

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

	ROAD FUND	FIRE FUND	MUNICIPAL BUILDING FUND	TOTALS (MEMORANDUM ONLY)
<u>ASSETS</u>				
Cash				
Money Market Account	\$ 55,372	\$ 0	\$ 49,982	\$ 105,354
Certificates of Deposit	100,000	0	0	100,000
Taxes Receivable	2,184	2,184	0	4,368
 TOTAL ASSETS	 \$ 157,556	 \$ 2,184	 \$ 49,982	 \$ 209,722
<u>LIABILITIES AND EQUITY</u>				
<u>LIABILITIES</u>				
Deferred Revenue	\$ 2,184	\$ 2,184	\$ 0	\$ 4,368
<u>EQUITY</u>				
Balance				
Reserved for				
Road Improvements	\$ 155,372	\$ 0	\$ 0	\$ 155,372
Municipal Building	0	0	49,982	49,982
 Total Equity	 \$ 155,372	 \$ 0	 \$ 49,982	 \$ 205,354
 TOTAL LIABILITIES AND EQUITY	 \$ 157,556	 \$ 2,184	 \$ 49,982	 \$ 209,722

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

	ROAD FUND	FIRE FUND	MUNICIPAL BUILDING FUND	TOTALS (MEMORANDUM ONLY)
<u>RECEIPTS</u>				
Taxes	\$ 24,905	\$ 14,967	\$ 0	\$ 39,872
Licenses and Permits	443	0	0	443
Federal Grants	336	0	0	336
Interest and Rents	2,415	0	148	2,563
Other Receipts	940	0	0	940
Total Receipts	<u>\$ 29,039</u>	<u>\$ 14,967</u>	<u>\$ 148</u>	<u>\$ 44,154</u>
<u>DISBURSEMENTS</u>				
General Government				
Building and Grounds	\$ 0	\$ 0	\$ 3,273	\$ 3,273
Public Safety	0	14,967	0	14,967
Public Works	16,132	0	0	16,132
Total Disbursements	<u>\$ 16,132</u>	<u>\$ 14,967</u>	<u>\$ 3,273</u>	<u>\$ 34,372</u>
Excess of Receipts Over (Under) Disbursements	\$ 12,907	\$ 0	\$ (3,125)	\$ 9,782
<u>BALANCE - April 1, 2003</u>	<u>142,465</u>	<u>0</u>	<u>53,107</u>	<u>195,572</u>
<u>BALANCE - March 31, 2004</u>	<u>\$ 155,372</u>	<u>\$ 0</u>	<u>\$ 49,982</u>	<u>\$ 205,354</u>

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

ROAD FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 55,372
Certificates of Deposit	100,000
Taxes Receivable	<u>2,184</u>
 TOTAL ASSETS	 \$ <u>157,556</u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 2,184
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EQUITY

Balance	
Reserved for Road Improvements	<u>155,372</u>

TOTAL LIABILITIES AND EQUITY	\$ <u>157,556</u>
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MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

ROAD FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Tax	\$ 18,000	\$ 14,782	\$ (3,218)
Delinquent Property Tax	0	3,695	3,695
Payments in Lieu of Tax			
National Forest Reserve	5,900	6,428	528
Licenses and Permits			
Metro Act Fee	0	443	443
Federal Grants			
National Forest Royalties	0	336	336
Interest and Rents			
Interest Earnings	1,600	2,415	815
Other Receipts			
Special Assessments	800	940	140
Total Receipts	\$ 26,300	\$ 29,039	\$ 2,739
<u>DISBURSEMENTS</u>			
Public Works			
Highways, Streets and Bridges			
Other Services and Charges			
Repairs and Maintenance	27,300	16,132	11,168
Excess of Receipts Over (Under) Disbursements	\$ (1,000)	\$ 12,907	\$ 13,907
<u>BALANCE - April 1, 2003</u>	142,465	142,465	0
<u>BALANCE - March 31, 2004</u>	\$ 141,465	\$ 155,372	\$ 13,907

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

FIRE FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

	<u>ASSETS</u>	
Taxes Receivable		<u>\$ 2,184</u>
	<u>LIABILITIES AND EQUITY</u>	
<u>LIABILITIES</u>		
Deferred Revenue		\$ 2,184
<u>EQUITY</u>		
Balance		
Reserved for Fire Protection		<u>0</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 2,184</u>

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

FIRE FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Taxes

Current Property Tax

\$ 14,964

Penalties and Interest on Taxes

3

Total Receipts

\$ 14,967

DISBURSEMENTS

Public Safety

Fire Protection

Other Services and Charges

Aid to Other Government

Barton City Fire Department

14,967

Excess of Receipts Over

(Under) Disbursements

\$ 0

BALANCE - April 1, 2003

0

BALANCE - March 31, 2004

\$ 0

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

MUNICIPAL BUILDING FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

<u>ASSETS</u>	
Cash	
Money Market Account	<u>\$ 49,982</u>
<u>LIABILITIES AND EQUITY</u>	
<u>LIABILITIES</u>	\$ 0
<u>EQUITY</u>	
Balance	
Reserved for Municipal Building	<u>49,982</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 49,982</u>

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

MUNICIPAL BUILDING FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Interest and Rents	
Interest Earnings	\$ 148

DISBURSEMENTS

General Government	
Building and Grounds	
Other Services and Charges	
Building Rental	\$ 2,400
Repairs and Maintenance	873
	\$ 3,273
Total Disbursements	
Excess of Receipts Over	
(Under) Disbursements	\$ (3,125)

<u>BALANCE</u> - April 1, 2003	53,107
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<u>BALANCE</u> - March 31, 2004	\$ 49,982
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MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 332

EQUITY

Balance	
Unreserved	\$ 332

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections	\$ 443,863	
Late Payment Penalty	439	
Special Assessments	940	
Overcollections from Taxpayers	649	
Property Tax Administration Fees	<u>4,460</u>	
Total Receipts		\$ 450,351

DISBURSEMENTS

Payments to County Treasurer		
Current Tax		
County	\$ 94,641	
State Education Tax	82,535	
Late Payment Penalty	<u>211</u>	\$ 177,387
Payments to Township Treasurer		
Current Tax - 2003 Tax Roll		
Operating	\$ 9,524	
Roads	14,782	
Fire	14,964	
Special Assessments	940	
Current Tax - 2002 Tax Roll		
Operating	935	
Roads	602	
Late Payment Fees		
Fire	3	
Property Tax Administration Fees	<u>4,637</u>	46,387
Payments to School Treasurer		
Alcona Community Schools		
Current Tax	\$ 192,270	
Late Payment Penalty	<u>180</u>	192,450

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

Payments to Intermediate School Treasurer			
Current Tax	\$	34,847	
Late Payment Penalty		45	34,892
Refund to Taxpayers for Overcollections			<u>649</u>
 Total Disbursements			<u>451,765</u>
 Excess of Receipts Over (Under) Disbursements			\$ (1,414)
 <u>BALANCE</u> - April 1, 2003			<u>1,746</u>
 <u>BALANCE</u> - March 31, 2004			<u>\$ 332</u>

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

<u>GENERAL FIXED ASSETS</u>	BALANCE 4/1/2003	ADDITIONS	DELETIONS	BALANCE 3/31/2004
Land and Land Improvements	\$ 41,708	\$ 0	\$ 0	\$ 41,708
Furniture and Equipment	6,014	0	0	6,014
	<u>\$ 47,722</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 47,722</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 47,722</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 47,722</u>

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

STATEMENT OF 2003 WINTER TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County	\$	108,363	
Township			
Operating		11,049	
Roads		17,148	
Fire		17,148	
School			
Alcona Community Schools		105,259	
Intermediate School			
Alpena Montmorency Alcona		<u>19,444</u>	\$ 278,411

TAXES COLLECTED

County	\$	94,641	
Township			
Operating		9,642	
Roads		14,964	
Fire		14,964	
School			
Alcona Community Schools		93,015	
Intermediate School			
Alpena Montmorency Alcona		<u>16,968</u>	<u>244,194</u>

TAXES RETURNED DELINQUENT

County	\$	13,722	
Township			
Operating		1,407	
Roads		2,184	
Fire		2,184	
School			
Alcona Community Schools		12,244	
Intermediate School			
Alpena Montmorency Alcona		<u>2,476</u>	<u>\$ 34,217</u>

MILLEN TOWNSHIP, ALCONA COUNTY
BARTON CITY, MICHIGAN

STATEMENT OF 2003 SUMMER TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

State Education Tax	\$	89,658	
School			
Alcona Community Schools		105,101	
Intermediate School			
Alpena Montmorency Alcona		<u>19,450</u>	\$ 214,209

TAXES COLLECTED

State Education Tax	\$	82,535	
School			
Alcona Community Schools		99,255	
Intermediate School			
Alpena Montmorency Alcona		<u>17,879</u>	<u>199,669</u>

TAXES RETURNED DELINQUENT

State Education Tax	\$	7,123	
School			
Alcona Community Schools		5,846	
Intermediate School			
Alpena Montmorency Alcona		<u>1,571</u>	<u>\$ 14,540</u>

134 WEST HARRIS STREET
CADILLAC, MICHIGAN 49601
231-775-9789
FAX: 231-775-9749

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1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

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MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

October 7, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Millen Township
Alcona County
Barton City, Michigan

During the course of our audit of the general-purpose financial statements of Millen Township for the year ended March 31, 2004, we noted the following items:

GASB 34

The Government Accounting Standards Board has issued a new pronouncement that will dramatically change the way governmental entities report their financial information. For Millen Township, GASB 34 will become effective for the year ending March 31, 2005.

Some of the changes required by GASB 34 are as follows:

- a) Management's discussion and analysis will be the first thing in a financial report. This will be the administration's narrative overview of the information contained in the financial statements.
- b) The budgetary comparison information must report the original adopted budget and the final amended budget.
- c) Capital assets and long-term liabilities will be required to be reported in the balance sheet. The depreciation on the capital assets will then be reported as an expense in the statement of revenues and expenses. With this change, the financial statements of a government entity will look similar to a for-profit business financial statements.

We are available to advise you and offer assistance on how to proceed with steps needed to meet GASB 34 requirements.

Budgeting

Pertaining to the Township's compliance with Public Act 621 of 1978, the following items are noted:

- (1) Three activities in the General Fund exceeded budgeted amounts. The budget should always be amended prior to incurring expenditures in excess of budgeted amounts. Any amendments made should be approved by the Township board and recorded in the minutes.
- (2) Budgets were not adopted for the Township's Municipal Building Fund and Fire Fund. In the future, budgets should be adopted for these funds.
- (3) The budgets adopted by the Township were not officially adopted until April 7, 2003. In the future, the budgets should always be adopted prior to the beginning of the Township's fiscal year.

Reportable Condition in Internal Controls

In planning and performing our audit of the general-purpose financial statements of Millen Township for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements.

Certain matters considered to be reportable conditions in internal control were noted. We have included a separate letter (letter of reportable conditions) which addresses those items noted.

We would like to thank the board for awarding our firm the audit assignment of the Township and to thank the township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

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Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

October 7, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Millen Township
Alcona County
Barton City, Michigan

In planning and performing our audit of the general-purpose financial statements of Millen Township, Alcona County, Barton City, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.